

Water System Acquisition & Rehabilitation Program

2005 Application Guidelines

July 13, 2005



Washington State
Public Works Board

CONTENTS

Introduction.....	1
Overview	1
The Process	4
Appendix A: Grant Terms and Conditions	7
Appendix B: Available Technical Assistance	8
Appendix C: Eligible and Ineligible Applicants.....	10
Appendix D: Eligible Project Costs.....	11
Appendix E: Project Prioritization Ranking Criteria.....	13
Appendix F: The Contract Agreement.....	17
Appendix G: Guidelines for Preparing the Scope of Work.....	19
Appendix H: Attachment to WSARP Contract Agreement	20
Appendix I: Competitive Bid Procedures for WSARP Recipients	21
Appendix J: Water Resource Inventory Area (WRIA).....	23
Appendix K: State Requirements	25
Appendix L: Frequently Used Acronyms.....	26
Appendix M: Glossary of Terms	27

INTRODUCTION

The Water System Acquisition and Rehabilitation Program (WSARP) guidelines define the requirements and process for applying for financial assistance by the WSARP in accordance with Substitute Senate Bill 6094, Section 110. The application package includes the Application Guidelines and the Application Form.

The 2005 Legislature committed \$2 million to assist municipal water systems acquire and rehabilitate water systems that have water quality problems or deteriorated infrastructure. The grant program is intended to maintain safe and reliable drinking water systems throughout the state. The legislation calls for an expedited program.

Eligible costs include: pre-acquisition, acquisition, connection charges, pre-construction, and construction. The percentage of grant allowed within these categories are as follows:

- 25% - acquisition / purchase costs;
- 75% - connection charges;
- 50% - pre-acquisition / pre-construction / construction costs

Applications are due September 26, 2005. A priority project list will become available in early 2006. Contracts may be executed at that time.

The Washington Department of Health (DOH), the Public Works Board (Board), and the Department of Community, Trade, and Economic Development (CTED) jointly administer the new WSARP program, using the Drinking Water State Revolving Fund (DWSRF) loan program as a model.

DOH reviews applications for eligibility and prioritizes the eligible applications. The

OVERVIEW

Board's staff conducts a financial review, evaluates project readiness to proceed, conducts State Environmental Review Process (SERP), and oversees contract administration.

Funding will be offered starting with the highest ranking projects until all funds are allocated. Funding is not guaranteed for each project submitted.

What kinds of projects receive WSARP funds?

Municipal Group A water systems with projects that will acquire other Group A water systems that have water quality problems or deteriorated drinking water infrastructure may be eligible for WSARP grants.

Who is an eligible applicant?

Eligibility is confined to applicants that demonstrate a track record of sound drinking water utility management:

- Own at least one Group A public water system
- Have a minimum of five years as a Group A water system
- Have an approved water system plan for the applicant system or be an approved satellite management agency
- Have had no state or federal civil penalties in the past five years
- Have received no unilateral enforcement orders from EPA or DOH in the past five years
- Have not had a system's operator license suspended or revoked in the past five years
- Are current with DOH fee payment schedule

Other criteria to be considered, on a case-by-case basis, include operating permit history, prior

contract performance, and history of audit findings.

Municipal Group A water systems include those owned by:

- City governments
- County governments
- Public Utility Districts
- Special Purpose Districts (such as school districts, port districts, water & sewer districts, fire districts)

Federal, state, privately-owned, and tribal-owned water systems are not eligible for WSARP assistance.

What are eligible projects and activities?

WSARP funds may be used for projects that include both acquisition and rehabilitation of at least one other Group A water system. The following are considered eligible cost components under WSARP:

1. Pre-acquisition costs
2. Acquisition costs
3. Connection charges
4. Pre-construction costs
5. Construction costs

Examples of eligible projects:

- Acquire real property from a willing seller if it is an integral part of the capital construction project being funded;
- Address existing water system problems that may cause a drinking water system to exceed health standards;
- Prevent future violations of the SDWA or state rules;
- Replace aging infrastructure to maintain compliance or to further public health protection goals of the SDWA;
- Are categorized as treatment, transmission, distribution, source, or storage projects;

- Pre-acquisition feasibility study costs directly related to an eligible project;
- Planning and design costs directly related to an eligible project;
- Include installation of source meters;
- Include installation of service meters as part of a capital construction project;
- Include reservoirs (clear wells) that are part of the treatment process and are co-located with the treatment facility;
- Include distribution reservoirs (finished water);
- Include security measures that are directly related to the primary project;
- Retroactive financing, back to September 26, 2005, for acquisition, pre-acquisition, and pre-construction costs. Applicants are advised that projects are not guaranteed funding. Failure to execute a grant contract will result in no WSARP assistance being provided.

Projects must be designed to accommodate the acquired Group A system(s)' existing services and may be designed to accommodate existing lots of record within the acquired system(s)' existing service area.

Please note that projects that also have benefits to customers other than the acquired system(s)' customers may be sized based upon the 20-year projection included in the acquiring system's (applicant) water system plan. In these cases, the level of grant subsidy will be based upon the Group A acquired system(s)' proportional share of the new facilities.

What are ineligible projects and activities?

- Restructuring/consolidation projects that do not include capital construction;
- Point of use treatment devices for community systems and most noncommunity systems;
- Conservation projects that are not part of a larger, eligible project;

- Dams, or rehabilitation of dams;
- Raw water reservoirs;
- Water rights, except if the water rights are owned by a public water system that is being purchased through consolidation;
- Laboratory fees for monitoring;
- Operation and maintenance expenses (for example: reservoir cleaning, coating, painting);

- Projects needed mainly for fire protection;
- Projects primarily intended to serve future growth;
- Projects for Group B systems or individual water supply systems;
- Studies or assessments not part of a capital construction project;
- Retroactive financing for connection charges and construction costs.

THE PROCESS

DOH reviews the applications for eligibility and system capacity. A draft prioritized project list is developed and the applications are forwarded to the Board's staff.

The Board's staff evaluates the applications for readiness to proceed with the project, and will review prior contract performance. A list of the applications is forwarded to the Board for approval.

Once the Board approves the list, agreements will be negotiated and executed. Funds will then be disbursed on a reimbursement basis.

Step 1: Eligibility Review

General (DOH)

Applications are reviewed by DOH's criteria:

- Applicants must be an eligible entity to receive a grant;
- The proposed project(s) must be eligible;
- The proposed project(s) is in compliance with state land use planning (e.g. Growth Management Act);
- The system(s) being acquired that is under an active state bilateral compliance agreement; state or federal formal enforcement action; or are in significant noncompliance with any national primary drinking water regulation or variance is not eligible for WSARP assistance, unless:
 - the purpose of the assistance is to address the cause of the enforcement action, significant noncompliance, or unsatisfactory operating permit and will ensure that the system returns to compliance, or
 - the problem is already being addressed by another project

- Applicants must have a source meter on all sources or install source meters as part of the project;
- Applicants must demonstrate that its system meets system capacity requirements.

System Capacity Requirements:

Applicants must meet system capacity requirements. For WSARP, DOH considers the system to be in compliance with this requirement if:

1. The proposed project is listed in the system's DOH-approved Water System Plan; or the system has a current DOH-approved Small Water System Management Program and a project report justifying the need for and feasibility of the proposed project;
2. The system has a satisfactory operating permit status. If the system has an unsatisfactory operating permit, the project must address the cause; and
3. The system is in compliance with any active enforcement actions, if applicable (DOH-issued departmental orders, penalties, bilateral compliance agreements or federally issued administrative orders or stipulated penalties).

Projects considered eligible for funding, yet not currently meeting the system capacity requirements may still qualify for funding if the applicant documents compliance as part of the proposed project.

Potential applicants are strongly encouraged to contact their DOH regional office immediately to find out their planning requirements.

Appeal Process:

When a proposed project does not meet all of the eligibility criteria, applicants will be disqualified. Applicants have ten working days from the date of notification of disqualification to submit a letter along with supporting documentation to DOH asking for reconsideration. This letter should explain how the proposed project meets the eligibility criteria listed here.

Step 2: Priority Ranking (DOH)

A critical element in the priority ranking is the applicant's definition of the risk or problem that the proposed project is designed to eliminate. This information must be clearly presented in order for the proposed project to be accurately ranked.

DOH staff develops a prioritized project list by ranking each application using a score sheet.

The types of public health risk that will be addressed by the proposed projects are categorized as follows and listed in priority order:

- Risk Category 1: Microbial
- Risk Category 2: Primary inorganic chemical
- Risk Category 3: Other primary chemical
- Risk Category 4: Secondary chemical/sea water intrusion
- Risk Category 5: Infrastructure replacement, or other distribution improvements

Within each of those categories, scoring is based on the type of project proposed. The basic scores for each risk category are listed in Appendix E.

Bonus points may be awarded after consideration of the following:

- a) Compliance

- b) Restructuring benefit
- c) Regional benefit
- d) Multiple benefit
- e) Affordability
- f) Service meters

For cities, counties, towns required to plan under RCW 36.70A.040 (relative to the Growth Management Act) that have not adopted a comprehensive plan and development regulations, the project score will be reduced by one point.

After project scoring, DOH develops a draft priority project list. For those projects receiving identical scores, the populations benefiting from the proposed projects are used as a tiebreaker. DOH forwards the draft priority funding list and applications to the Board's staff for review.

Step 3: Public Works Board Review

Upon receiving the draft priority funding list, the Board's staff will review each application for:

- 1. Readiness to proceed with the project
- 2. Ability to complete the project
- 3. Review of prior contract performance.

Once an application passes this review, a final project list is presented to the Board for approval.

If an applicant does not agree with the Board's staff recommendation regarding a particular project, the applicant may request a review by the Board. Written requests for a review must be received two weeks in advance of a Board meeting. (A schedule of meeting dates is located in the State Register or at www.pwb.wa.gov, or by contacting the Board's staff.) The Board's decision is a final determination of the applications' status.

Following this review, applicants with inadequate contract performance or projects that are not ready to proceed will be bypassed on the funding list.

Step 4: Contract Offers
(Public Works Board)

Once the Board has approved the funding list, the Board's staff begins negotiating and offering contract agreements. The applicant has 90 days from the date the agreement is mailed to complete and return the agreement or request a time extension.

Draws are reimbursement only. Board staff will notify recipients when they can start incurring costs for their projects. Please note that no reimbursement will occur until acquisition has been confirmed and the acquiring system has a DOH-approved water system plan or small water system management program. Also, in most cases, recipients must have DOH-approved project report(s) and

construction document(s), if applicable, for the entire project before any reimbursements can be made for construction activities.

All applicants should review:

Appendix F: The Contract Agreement

Appendix G: Guidelines for Preparing the Scope of Work

Appendix H: Attachments to a WSARP contract Agreement

Appendix I: Competitive Bid Procedures for WSARP Applicants

Appendix L: Frequently Used Acronyms

Appendix M: Glossary of Terms

APPENDIX A

Contract Terms and Conditions

Maximum Award

A maximum of \$500,000 may be awarded to each jurisdiction.

Local Match Requirement

75% of eligible system acquisition / purchase costs.

25% of eligible connection charges.

50% of eligible pre-acquisition, pre-construction, and construction costs.

Water System Plan Requirement

The proposed project must be included in a current DOH-approved Water System Plan or Small Water System Management Program. Development of the planning document may be included in the project's scope of work. The deadline for submitting a plan to DOH is six months after contract execution. The required plan must be approved within one year after contract execution. Potential applicants are strongly encouraged to contact their DOH regional office immediately to find out their planning requirements.

Conditions for Disbursements of Contract Funds

- Confirmation of system(s) acquisition.
- DOH-approval of water system planning document.

Conditions for Disbursements of Construction Funds

DOH approval of applicable project reports and construction documents for entire project.

Final Closeout Requirements

- Verification that the project was constructed in accordance with the project's Scope of Work.
- DOH receipt of the completed Construction Completion Report(s) and As-builts for projects that may qualify for submittal exception, per WAC 246-290-120(5), 246-290-125(2)(b) or WAC 246-290-125(3).

Potential Costs:

There are other potential costs associated with the project that include, but are not limited to:

- Environmental review
- Competitive bidding
- Audit costs
- Insurance costs
- Prevailing wage
- Attorney fees

APPENDIX B

Available Technical Assistance

Department of Health, Drinking Water Headquarters	
<p>Chris Gagnon Post Office Box 47822 Olympia, Washington 98504-7822</p> <p>360/236-3095 FAX: 360/236-2252</p> <p>email: chris.gagnon@doh.wa.gov http://www.doh.wa.gov/ehp/dw/default.htm</p>	
Department of Health, Drinking Water Regional Offices	
Eastern Regional Office 1500 West 4th Ave, Suite 305 Spokane, Washington 99204 509/456-3115	Counties served: Adams, Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield, Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman and Yakima
Southwest Regional Office Post Office Box 47823 Olympia, Washington 98504-7823 360/664-0768	Counties served: Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Kitsap, Lewis, Mason, Pacific, Skamania, Thurston and Wahkiakum
Northwest Regional Office 20435 72 nd Avenue South, Suite 200 Kent, Washington 98032 253/395-6750	Counties served: Island, King, Pierce, San Juan, Skagit, Snohomish and Whatcom

OTHER USEFUL TELEPHONE NUMBERS AND ADDRESSES

If you have questions about...

...then contact:

WSARP Contract Process	<p>Leslie Hafford Public Works Board (360)586-4128 leslie.hafford@pwb.wa.gov</p> <p>You may also write to: Public Works Board, 711 Capitol Way, Suite 102, Post Office Box 48319, Olympia, Washington 98504-8319. Website: www.pwb.wa.gov</p>
Water Rights	<p>Department of Ecology Water Resources, SW Regional Office P.O. Box 47775, Olympia, Washington 98504-7775 Telephone: 360/407-6300 Program website: www.ecy.wa.gov/programs/wr/rights/water-right-home.html</p>
Growth Management Act	<p>Office of Community Development Growth Management Services P.O. Box 48350, Olympia, Washington 98504-8350 Telephone: 360/725-3000 Program website: www.cted.wa.gov/growth</p>
State Drinking Water Program	<p>Chris Gagnon Department of Health, Office of Drinking Water P.O. Box 47822, Olympia, Washington 98504-7822 email address: chris.gagnon@doh.wa.gov Telephone: 360/236-3095 Program website: http://www.doh.wa.gov/ehp/dw/wsarp/wsarp.htm</p>
The Infrastructure Assistance Coordinating Council's (IACC) infrastructure funding database is your resource for locating infrastructure funding or technical assistance in Washington State.	<p>Infrastructure funding website: www.infrafunding.wa.gov</p>

APPENDIX C

ELIGIBLE AND INELIGIBLE APPLICANTS

Eligible Applicants:

1. Eligible applicants include municipal Group A water systems (counties, cities, and special purpose districts) to identify, acquire, and rehabilitate public water systems that have water quality problems or have been allowed to deteriorate to a point where public health is an issue. Eligibility is confined to applicants that already own at least one Group A public water system and that demonstrate a track record of sound drinking water utility management. Group "A" water systems are defined in Chapter 246-290 WAC, and in Appendix N, Glossary.

Ineligible Applicants:

1. Federal, state, privately-owned, and tribal-owned water systems.
2. Individual Water Systems and Group B water systems.

APPENDIX D

Eligible Project Costs (Must be directly attributable to the project)

1. Acquisition of real property from a willing seller as an integral part of a capital construction project being funded:
 - a. Purchase of land and easements acquired for and devoted to the project from a willing seller;
 - b. Purchase of improvements;
 - c. Adjustment or re-establishment of improvements;
 - d. Salaries, expenses or fees of appraisers, negotiators or attorneys;
 - e. Removal or demolition of improvement; and
 - f. Other direct costs in connection with acquisition. Amounts received from the sale of excess real property or improvements and from any rental will be reduced from the direct costs.
2. The costs for complying with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
3. The purchase of a portion of another system's capacity, if it is the most cost effective solution (limited to publicly owned (municipal) systems).
4. Construction of reservoirs (clear wells) that are part of the treatment process and are co-located with the treatment facility.
5. Construction of distribution reservoirs (finished water).
6. Cost associated with collecting and preparing environmental assessment documents to obtain local permits.
7. Direct labor including related employee benefits:
 - a. Salaries and wages (at actual or average rates) covering productive

labor hours of employees of the recipient (excluding the administrative organization of the operating unit involved) for periods of time actively or incidentally engaged in pre-design engineering, design engineering, construction engineering, acquisition of rights of way, and the cleaning, sterilization or bacteriological testing of water system components prior to public use. The costs of services rendered by employees generally classified as administrative are considered a direct cost only when such employees are assigned the types of services described above.

- b. Employee benefits relating to labor are considered a direct cost of construction projects. The following items may be included as employee benefits:
 - F.I.C.A. (Social Security) – employer's share;
 - Retirement benefits;
 - Hospital, health, dental, and other welfare insurance;
 - Life insurance;
 - Industrial and medical insurance;
 - Vacation;
 - Holiday;
 - Sick leave; and
 - Military leave and jury duty.

- Employee benefits must be calculated as a percentage of direct labor dollars. The computation of predetermined percentage rates to be applied to current labor costs must be based on the average of total employee benefits and total labor costs for the prior fiscal year and adjusted by known current year variations.
- c. Other than work identified in Number 10.a, no costs associated with labor performed by the recipient's employees, including force account work, are eligible for financing assistance.
8. Contract engineering, acquisition feasibility study, planning, design, legal, and financial planning services. The Board reserves the right to declare ineligible legal costs that are unreasonable and disproportionate to the project.
 9. Contract construction work.
 10. Direct vehicle and equipment charges at the actual rental cost paid for the equipment or, in the case of city or county-owned equipment, at the rental rates established by the local government's "equipment rental and revolving fund" following the methods prescribed by the division of municipal corporations. However, such costs must be charged on a uniform basis to equipment used for all projects regardless of the source of funding. Cities with a population of eight thousand or less not using this type of fund are allowed the same rates as used by the State Department of Transportation.
 11. Direct materials and supplies.
 12. Other direct costs incurred for materials or services acquired for a specific project are eligible costs and may include, but are not limited to such items as:
 - a. Telephone charges;
 - b. Reproduction and photogrammetry costs;

- c. Video and photography for project documentation;
- d. Computer usage; and
- e. Printing and advertising.

16. Other project related costs include:

- Environmental Review;
- Competitive Bidding;
- Audit;
- Insurance;
- Prevailing wages;
- Attorney fees.

Projects must be designed to accommodate the acquired Group A system(s)' existing services and may be designed to accommodate existing lots of record within the acquired system(s)' existing service area. Please note that projects that also have benefits to customers other than the acquired system(s)' customers may be sized based upon the 20-year projection included in the acquiring system's (applicant) water system plan. In these cases, the level of grant subsidy will be based upon the Group A acquired system(s)' proportional share of the new facilities.

APPENDIX E

Project Prioritization Ranking Criteria

All eligible applications will be scored based on the following criteria. An application will receive points in only one of the sections.

RISK CATEGORY 1. The proposed project will eliminate **Microbial Risk** by:

TYPE OF PROJECT	POINTS*
New Source	85
Source Reconstruction	80
Disinfection Improvements	75
Filtration	75
Reservoir Improvements	65
Other	65 – 85
BONUS POINTS	
Compliance Status	0 / 20 / 35*
Restructuring	3 / No limit
Regional Benefit	0 - 5
Multiple Benefit	0 - 4
Affordability	0 - 10
Service Meter Installation	0 / 2
GMA Compliance	-1 / 0

Examples of Microbial Risk:

- Disinfection projects
- Source projects, including source reconstruction and new sources that replace existing sources
- Covering, repair, replacement or other improvements to existing distribution reservoirs

RISK CATEGORY 2. The proposed project will eliminate **Primary Inorganic Chemical Risk** by:

TYPE OF PROJECT	POINTS*
New Source	80
Source Reconstruction	75
Treatment	70
Other	70 - 80
BONUS POINTS	
Compliance Status	0 / 20 / 35*
Restructuring	3 / No limit
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
GMA Compliance	-1 / 0

Examples of Primary Inorganic Chemical Risk:

- Antimony (Sb)
 - Arsenic (As)
 - Asbestos
 - Barium (Ba)
 - Beryllium (Be)
 - Cadmium (Cd)
- Chromium (Cr)
 - Copper (Cu)
 - Cyanide (HCN)
 - Fluoride (F) (exceedance of 4.0 MCL)
 - Lead (Pb)
- Mercury (Hg)
 - Nickel (Ni)
 - Nitrate (as N)
 - Nitrite (as N)
 - Selenium (Se)
 - Thallim (Tl)

RISK CATEGORY 3. The proposed project will eliminate **Other Primary Chemical Risk** by:

TYPE OF PROJECT	POINTS*
New Source	70
Treatment	65
Other	65 - 70
BONUS POINTS	
Compliance Status	0 / 20 / 35*
Restructuring	3 / No limit
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
GMA Compliance	-1 / 0

Examples of Other Primary Chemical Risk:

- Trihalomethanes
- Radionuclides
- Organic chemicals

RISK CATEGORY 4. The proposed project will eliminate **Secondary Chemical / Sea Water Intrusion Risk** by:

TYPE OF PROJECT	POINTS*
New Source	50
Treatment	45
Other	45 - 50
BONUS POINTS	
Compliance Status	0 / 10 / 35*
Restructuring	3 / No limit
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
GMA Compliance	-1 / 0

Examples of Secondary Chemical / Sea Water Intrusion Risk:

- Chloride (Cl)
- Fluoride (F) (exceedance of 2.0 MCL)
- Iron (Fe)
- Manganese (Mn)
- Silver (Ag)
- Sodium (Na)
- Sulfate (SO₄)
- Zinc (Zn)

RISK CATEGORY 5. The proposed project will provide **Infrastructure Replacement or Other Distribution Improvements** by:

TYPE OF PROJECT	POINTS*
Distribution Reservoir (new / add'l)	30
Water Main & Other Distribution Improvements	25
Installation of Pressure Reduction Device (stand-alone)	20
Installation of Backflow Prevention Device (stand-alone)	15
Other	1 - 30
BONUS POINTS	
Compliance Status	0 / 10 / 35*
Restructuring	3 / No limit
Regional Benefit	0 – 5
Multiple Benefit	0 – 4
Affordability	0 – 10
Service Meter Installation	0 / 2
GMA Compliance	-1 / 0

Examples:

- Installation of source meters
- Installation of additional distribution reservoir
- Installation of pressure reduction device(s)
- Installation of backflow prevention device(s)
- Replacement of infrastructure
- Other distribution improvements

More Scoring Information:

Projects that eliminate a public health risk rate the highest in each category on the scoring sheet. DOH considers the elimination of microbial public health risks by acquiring a new source, replacing or reconstructing an existing source, purchasing supply from another water system's source, or other restructuring options to be the highest priority. Scoring is generally from highest to lowest with microbial risk (risk category 1) rated high and infrastructure replacement (risk category 5) rated low.

If a proposed project is not included on the list of solutions, DOH will assign a score based on the solution's equivalent level of value as compared to those solutions contained in the list.

- ***Compliance:** A project that will eliminate a compliance problem(s) will score more points than a similar project for an applicant that does not have a compliance problem. Highest value in each category will be awarded to projects where the system is subject to an active enforcement action (including DOH issuance of a departmental order, penalty, or bilateral compliance agreement or federal issuance of an administrative order or stipulated penalty). The middle value will be awarded to projects intended to eliminate an existing or potential problem, which would place the system out of compliance with the SDWA or to eliminate an unsatisfactory operating permit, but the system is not under an active enforcement action. DOH will review its records in order to determine whether a system is under an active enforcement action. The applicant must submit documentation of the existing or potential compliance problem, as part of the application package, in order to receive the middle value bonus points. Without

documentation, no bonus points will be awarded.

- **Restructuring benefit:** A project that will result in physically restructuring (acquiring) Group A systems will receive three bonus points for each system being eliminated by the project (no maximum amount of points).
- **Regional benefit:** A project that will benefit more than one Group A water system will receive one bonus point for each additional system benefiting by the project, up to five points.
- **Multiple benefit:** A project with a benefit in more than one of the risk categories will receive one bonus point for each additional category, up to four points.
- **Affordability:** A project for a community water system with less "affordable" water will receive more points than a similar project for an applicant with more "affordable" water rates, up to ten points. Points are calculated during DOH review. Factors taken into consideration include whether the system is located in a distressed county, the county's median household income, and the system's water rates. Applicants applying for bonus points must submit documentation of either the system's current average annual water rates or water rates to be implemented after project construction. Rates identified in a water system plan, plan amendment, small water system management program, project report, or rates formally approved by the water system may be used as documentation.
- **Service Meters:** If a system is not fully metered and project includes metering all services, two bonus points will be awarded.
- **Comprehensive Planning:** For cities, counties, towns required to plan under RCW 36.70A.040 (relative to the Growth Management Act) that have not adopted a comprehensive plan and development regulations, the project score will be reduced by one point.

APPENDIX F

The Contract Agreement

Signing The Contract Agreement

Once a contract has been negotiated, the Board's staff will draw up a contract agreement. This contract agreement will include the contract and all the pertinent attachments, e.g.:

- Attorney's Certification
- State Requirements
- Scope of Work Statement

Three copies of the contract agreement will be sent to the recipient for signature. The recipient has 90 days from the date the contract agreement was mailed to sign and return the agreement to the Board for contract execution.

Failure to sign the contract agreement or request a time extension in the allotted time may disqualify the proposed project from funding. Additionally, if an extension is granted but the contract agreement is not signed by the extension date identified in the Board's approval letter, the contract offer may be voided.

Things That Can Get In The Way Of Progress...

The proposed project must be included in a current DOH-approved Water System Plan or Small Water System Management Program. Development of the planning document may be included in the project's scope of work. The deadline for submitting a plan to DOH is six months after contract execution. The required plan must be approved within one year after contract execution. Potential applicants are strongly encouraged to contact their DOH regional office immediately to find out their planning requirements.

Changes to the Contract Agreement

Examples of when an amendment to the contract agreement is required include:

- Change(s) to the project's Scope of Work. DOH, the Board, and the recipient must agree to such a change before the contract agreement can be modified.
- Need for a time extension in order to complete project activities that are going beyond the time cited in the original contract agreement. DOH, the Board, and the recipient must agree to this type of change.
- Need for additional funds, if available, provided the project's scope of work remains consistent with the scope outlined in the application. DOH, the Board, and the recipient must agree to this type of change.

Note: In the event there are excess funds, DOH and the Board, at their discretion, reserve the right to increase a recipient's maximum funding limits.

Disbursement of Funds

Contract draws are on a reimbursement basis only. Accompanying the contract agreement are voucher forms and instructions for requesting expenditure reimbursement once the contract agreement has been executed

Contract dollars cannot be disbursed unless:

- A signed letter of intent to acquire the system(s) to be restructured has been submitted.
- A contract agreement has been executed.

- The water system has a DOH-approved water system plan or small water system management program.
- Other special conditions have been met, if applicable.

Construction dollars cannot be released unless:

- In most cases, DOH has approved applicable project reports and construction documents for the entire project pursuant to Chapter 246-290 WAC.

Project Bids

Grant recipients are required to use a competitive bid process when choosing contractors for drinking water projects.

Grant recipients are required to comply with the provisions of Chapters 39.80 RCW, and Chapters 39.04 RCW. For assistance in understanding the competitive bid rules, municipal recipients may visit the Municipal Research and Services Center website at <http://www.mrsc.org/Subjects/PubWorks/pb/pb.aspx>

Progress Reports

The Board's staff will provide recipients with standard Public Works Board progress report forms. Recipients will be asked to provide a

brief narrative on project activities undertaken since the previous report and asked to identify any changes to the project.

Time Allowed for Project Completion

Construction of the proposed project must be completed within 24 months of contract execution.

Project Closeout

The Board's staff provides the closeout documents to be completed by the recipient once the project is completed.

Once the proposed project has been constructed, final closeout cannot occur:

- Without verification that the project was constructed in accordance with the project's Scope of Work.
- Until DOH receives the completed Construction Completion Report(s) as required by WAC 246-290-120(5), WAC 246-290-125(2)(b), or WAC 246-290-125(3)(f).
- Projects that meet the submittal exception must submit a completed Construction Completion Report(s) and As-builts to DOH.

Guidelines for Preparing the Scope of Work

The Scope of Work provides a brief description of the proposed project. Once it is completed and signed, the Scope of Work becomes part of the formal contract agreement. The recipient has an obligation to ensure that the activities and elements described in the Scope of Work are included in the final, completed project.

Here are some guidelines to help you in preparing the Scope of Work:

1. Provide a concise, quantified description of the project. Clearly identify any project elements that will also benefit customers outside of the existing service area of the Group A system(s) being acquired. In addition to describing activities, include information about types of materials to be used. Also describe in approximate terms, how much of each material will be used. (This information helps the person reviewing the application understand the magnitude of the project.) For example: "Replace existing water mains with approximately 5,000 feet of 12 inch PVC water main."
2. At the same time, avoid making the Scope of Work too detailed or precise. Too much detail can unnecessarily limit flexibility once the project is under construction or when new information is brought to light.

For example, describe the proposed project as "...installing **approximately** 37,000 feet of 16 inch concrete pipe" instead of "the project consists of installing 36,959 feet of 16 inch concrete pipe."

Another example is "the project will install the **most appropriate** protective liner to cover the floor and side-walls of the reservoir" instead of "the project will install a 40 MIL protective liner to cover the floor and side-walls of the reservoir."

3. Write the Scope of Work in a manner that is more inclusive rather than less. Provide more information about the project, rather than less.
4. Finally, you may choose to write a "basic" Scope of Work with additional work elements to be added should low bids be received. Here is an example of how this is done using a proposed project that replaces water lines:

Basic Scope of Work

Replace approximately 8,000 feet of 8 inch water line and approximately 4,350 feet of 6 inch water line.

Phase II

If sufficient funds are available, an additional 1,200 feet of line will be replaced.

APPENDIX H

Attachments to a WSARP Contract Agreement

ATTACHMENT	DESCRIPTION
Attorney's Certification	For water systems owned by local governments only, this certifies that the applicant can legally accept the grant.
State Requirements	State laws that apply to projects receiving state funding.
Scope of Work	Narrative describing project work and budget. Public Works Board staff provides the form for completing the Scope of Work narrative. The narrative is supplied by the applicant.

APPENDIX I

Competitive Bid Procedures for WSARP Recipients

WSARP recipients are required to use a competitive bid process when choosing contractors for drinking water projects. The following is a guideline for choosing the lowest responsible bidder for contracting services. A brief description of choosing architectural and engineering services is included.

Advertising And Opening Bids

1. Advertise the request for bids in the official newspaper for the area, or a newspaper of general circulation most likely to bring responsive bids in or as near as possible to that part of the county in which the work is to be done. How long the bid should be advertised depends on the complexity of the bid—contractors must be given time to submit responsible proposals and adequate time to research the specifications.
2. If no bids are received from a local advertisement, advertise the bid request in a wider area.
3. Advertisements for bids should contain definite specifications and procedures for bidders to use in estimating their bids. At a minimum, a bid notice should include the following items:
 - a. Title of project;
 - b. Nature and scope of work;
 - c. Where contract documents (plans and specifications) may be reviewed or obtained;
 - d. Cost, if any, to obtain a set of contract documents;
 - e. The place, date and time that bids are due; and

- f. Statement that the recipient retains the right to reject any and all bids.

If you believe that a field visit is necessary for the bidders to make a responsible bid, your bid advertisement may “strongly urge” all bidders to attend a pre-bid meeting. However, that is the contractors’ choice. They may still bid on the project without making the field visit. You might lose a potentially low bidder because the bidder could not attend the pre-bid meeting.

Bids must be opened in public at the time and place given in the advertisement. The bid opening can be delayed, but the bidders must all be notified. If a bid opening is delayed, all bidders should have the opportunity to withdraw their bids, or if they wish, withdraw and resubmit the bid (the cost of some equipment and services might have changed) just before the new bid opening date and time. For long delays, the recipients should probably return all bids.

Determining The Lowest Responsible Bidder

The bids received should show in detail the estimated total cost of the work, a description of and estimated cost of each component of the project, and the estimated dates of commencement and completion.

Below is a guideline for determining the lowest responsible bidder. In addition to offering the lowest price, the bidder must:

1. Have the ability, capacity, and skill to perform the contract or provide the service;
2. Have good character, integrity, reputation, judgment, experience and efficiency;
3. Be able to perform the contract within the time specified;
4. Demonstrate successful performance of previous contracts or services, and compliance by the bidder with laws relating to the contract or services;

It might be helpful to include a “statement of bidder’s qualifications” as part of the bid documents given to each bidder. This statement requests both financial and technical experience summaries and a bank reference.

Recipients must require that contractors obtain performance/payment bonds, to ensure that the job will be completed and that all workers, subcontractors, and suppliers will be paid. A performance bond is a non-cancelable commitment issued by the surety bond underwriter to the owner of the project. The performance bond guarantees that the contractor will complete the referenced contract within its set terms and conditions. A payment bond guarantees that all subcontractors, laborers and material suppliers will be paid, leaving the project lien free.

Negotiations of bid price, based upon agreed changes to the contract plans and specifications, are allowed with a low responsible bidder under the following conditions:

1. All bids exceed the available funds, as certified by the appropriate fiscal officer;
2. The apparent low responsive bid does not exceed the available funds by: five percent (5%) on projects valued under \$1 million, the greater of \$50,000 or two-and-one-half percent (2 1/2 %) for projects valued between \$1 million and \$5 million; and
3. The negotiated adjustment will bring the bid price within the amount of available funds.

Engineering And Architectural Services

In-house staff for engineering may be used if desired. If engineering or architectural consultants must be hired, you are required to follow these guidelines:

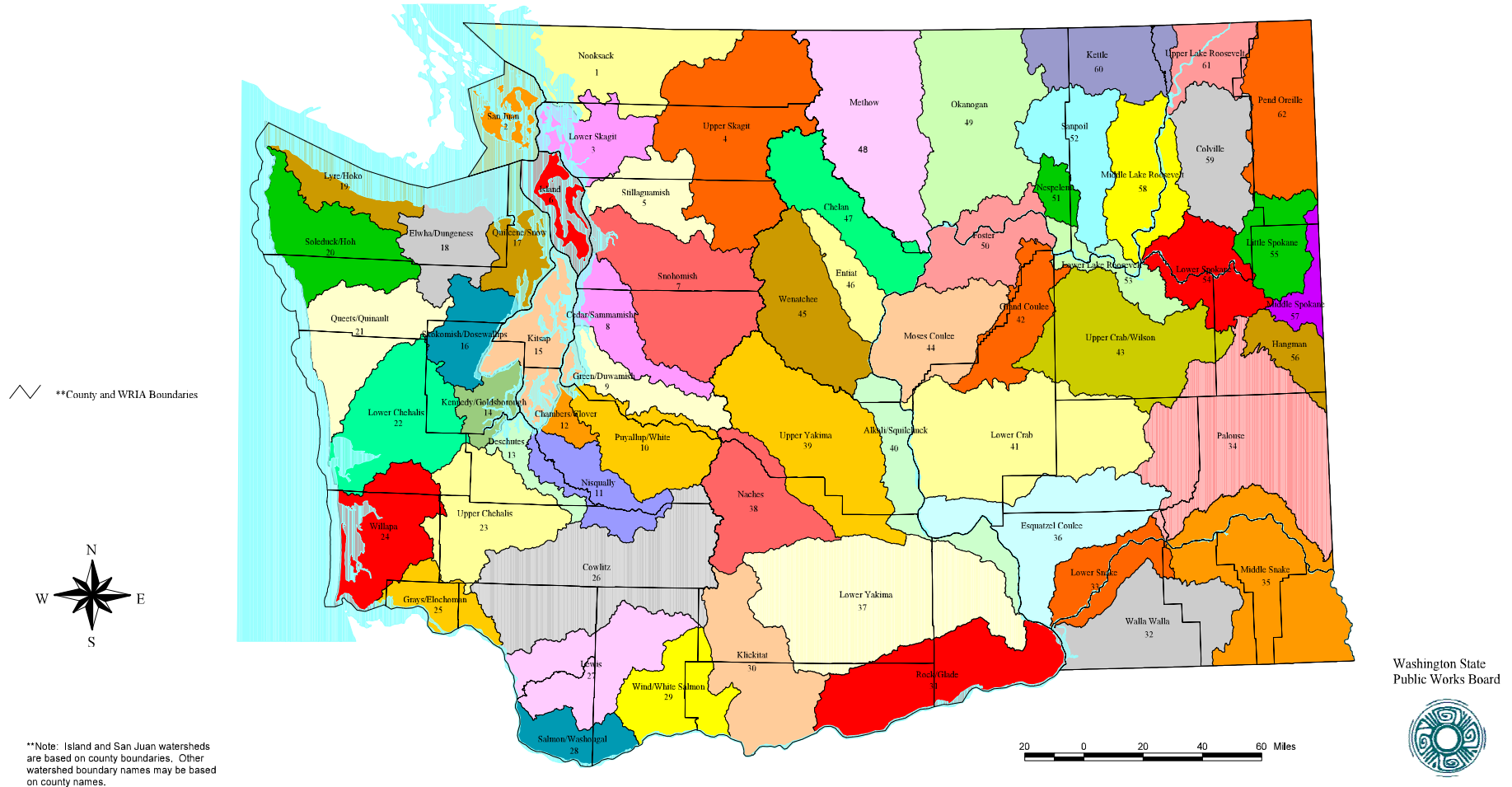
1. Publish in advance the requirement for professional services. The announcement should state concisely the general scope and nature of the project or work and the address of a representative of the agency who can provide further details. The chosen firm should be the one deemed to be the most highly qualified to provide the services required.
2. The recipient should negotiate a contract with the most qualified firm for architectural and engineering services at a price which the recipient determines is fair and reasonable to the organization. In making its determination, the recipient should take into account the estimated value of the services to be rendered, as well as the scope, complexity, and professional nature thereof.

APPENDIX J

Water Resource Inventory Area (WRIA)

- | | |
|--------------------------------|---------------------------|
| 1. Nooksack | 32. Walla Walla |
| 2. San Juan | 33. Lower Snake |
| 3. Lower Skagit-Samish | 34. Palouse |
| 4. Upper Skagit | 35. Middle Snake |
| 5. Stillaguamish | 36. Esquatzel Coulee |
| 6. Island | 37. Lower Yakima |
| 7. Snohomish | 38. Naches |
| 8. Cedar-Sammamish | 39. Upper Yakima |
| 9. Duwamish-Green | 40. Alkali-Squilchuck |
| 10. Puyallup-White | 41. Lower Crab |
| 11. Nisqually | 42. Grand Coulee |
| 12. Chambers-Clover | 43. Upper Crab-Wilson |
| 13. Deschutes | 44. Moses Coulee |
| 14. Kennedy-Goldborough | 45. Wenatchee |
| 15. Kitsap | 46. Entiat |
| 16. Skokomish-Dosewallips | 47. Chelan |
| 17. Quilcene-Snow | 48. Methow |
| 18. Elwah-Dungenness | 49. Okanogan |
| 19. Lyre-Hoko | 50. Foster |
| 20. Soleduck-Hoh | 51. Nesplelem |
| 21. Queets-Quinault | 52. Sanpoil |
| 22. Lower Chehalis | 53. Lower Lake Roosevelt |
| 23. Upper Chehalis/Black River | 54. Lower Spokane |
| 24. Willipa | 55. Little Spokane |
| 25. Grays-Elokoman | 56. Hangman |
| 26. Cowlitz | 57. Middle Spokane |
| 27. Lewis | 58. Middle Lake Roosevelt |
| 28. Salmon-Washougal | 59. Colville |
| 29. Wind-White Salmon | 60. Kettle |
| 30. Klickitat | 61. Upper Lake Roosevelt |
| 31. Rock-Glade | 62. Pend Oreille |

Watershed Resource Inventory Areas of Washington State



APPENDIX K

State Requirements

State Laws

1. Chapter 36.70A RCW, GMA
2. Chapter 39.80 RCW, Contracts for Architectural & Engineering Services
3. Chapter 39.12 RCW, Prevailing Wages on Public Works
4. Chapter 43.20 RCW, State Board of Health
5. Chapter 43.70 RCW, Department of Health
6. Chapter 70.116 RCW, Public Water Systems Coordination Act of 1977
7. Chapter 70.119 RCW, Public Water Supply Systems Certification & Regulation of Operations
8. Chapter 70-119A RCW, Public Water Systems, Penalties & Compliance
9. Chapter 246-290 WAC, Group A Public Water Systems
10. Federal CFR Title 40 Part 131, [Federal National Primary Drinking Water Regulations]-Section Adopted by Reference
11. Chapter 246-291 WAC, Group B Public Water Systems
12. Chapter 246-292 WAC, Waterworks Operator Certification Regulations
13. Chapter 246-293 WAC, Water System Coordination Act
14. Chapter 246-294 WAC, Drinking Water Operating Permits
15. Chapter 246-295 WAC, Satellite System Management Agencies
16. Chapter 246-296 WAC, Drinking Water State Revolving Fund
17. Chapter 173-160 WAC, Minimum Standards for Construction & Maintenance of Wells
18. Title 173, Department of Ecology Rules

APPENDIX L

Frequently Used Acronyms

CDBG	Community Development Block Grant	LID	Local Improvement District
CFR	Code of Federal Register	MHI	Median Household Income
CTED	Department of Community, Trade and Economic Development	NEPA	National Environmental Policy Act
CSR	Client Service Representative	PWB	Public Works Board
CWSP	Coordinated Water System Plan	RCW	Revised Code of Washington
CWSSA	Critical Water Supply Service Area	ROD	Record of Decision
DCP	Disadvantaged Community Program	ROW	Right of Way
DDW	Office of Drinking Water (Department of Health)	SDWA	Safe Drinking Water Act
DNS	Determination of Non-Significance	SEPA	State Environmental Policy Act
DOH	Department of Health	SMA	Satellite Management Agency
DWSRF	Drinking Water State Revolving Fund	SNC	Significant Non-Complier
EA	Environmental Assessment	SWSMP	Small Water System Management Program
EIS	Environmental Impact Statement	UCC	Uniform Commercial Code
EPA	Environmental Protection Agency	ULID	Utility Local Improvement District
ERR	Environmental Review Record	USDA	United States Department of Agriculture
ERU	Equivalent Residential Unit	UTC	Utility and Transportation Commission
FONSI	Finding of No Significant Impact	WAC	Washington Administrative Code
GMA	Growth Management Act	WFI	Water Facilities Inventory Form
HQ	Headquarters	WRIA	Watershed Resource Inventory Area
HUD	Department of Housing and Urban Development	WSARP	Water System Acquisition and Rehabilitation Program
IUP	Intended Use Plan	WSP	Water System Plan

APPENDIX M

Glossary of Terms

Acquisition: Acquire ownership of a water system from its current owner. For purposes of the WSARP program, acquisition also means the new owner shall own all of the collection, storage, treatment and/or distribution facilities for the drinking water system upon project completion.

Certified Operator: A water system operator certified in accordance with Chapter 246-292 WAC.

Change Order: A formal document that alters some conditions of the original construction contract document. A change order must be executed any time there is a variation in the original construction contract. Variations may include: change in the scope of work, contract price, construction methods, construction schedule, and change in location, size capacity, or quality of major equipment.

Client Service Representative (CSR): A recipient or recipient's primary contact for all matters dealing with Public Works Board programs including WSARP. CSRs can help with outlining options for funding, development of your application, contract monitoring and compliance, and project closeout.

Community Water System: A public water system providing water on a routine basis to a residential group of customers.

Construction Completion Report: A form provided by DOH for each specific construction project document:

1. Project construction in accordance with general standards of engineering practice;
2. Physical capacity changes; and

3. Satisfactory test results.

The completed form must be stamped with an engineer's seal, signed, and dated by a professional engineer.

Contract Execution: Contracts are executed when signed by the PWB. Contract agreements require three signatures in the following order:

- PWB's Assistant Attorney General
- The Recipient
- PWB Executive Director or Designee

The parties to the agreement are not bound by the conditions of the agreement until it is executed.

Coordinated Water System Plan (CWSP):

A plan for public water systems within a critical water supply services area which identifies the present and future needs of a water system and sets forth means for meeting those needs in the most efficient manner possible. Coordinated water system planning is regulated under Chapter 246-293 WAC.

Distribution Reservoir: A water storage structure that is integrated with a water system's distribution network to provide for variable system demands, including but not limited to: daily equalizing storage, standby storage, or fire reserves, or to provide for disinfectant contact times.

Distribution System: All piping components of a public water system that serve to convey water from transmission mains linked to source, storage and treatment facilities to the consumer, excluding individual services.

Drinking Water State Revolving Fund (DWSRF) Program: Federally-funded loan

program that provides low interest loans to water systems for capital improvements that increase public health protection and compliance with drinking water regulations. Washington's program is administered jointly by the Department of Health, the Public Works Board, and the Board's administrative agent, the Department of Community, Trade and Economic Development.

Equivalent Residential Unit (ERU): Either the amount of water consumed by a typical full-time family residence or the number of residential units on a specific system.

- In calculating the ERU for affordability in the WSARP project ranking criteria, the number of ERUs is determined by the total number of RESIDENTIAL units on the system. For example, each single-family dwelling equals 1 ERU. Each multifamily dwelling (i.e., condominium, duplex, etc.) equals the number of apartments. For example, a 100-unit apartment complex equals 100 ERUs. Each part-time residential unit is counted as if it were a full-time residence (i.e., equals 1 ERU). Nonresidential connections (commercial, industrial, schools, etc.) are NOT to be included in determining ERUs for the affordability rate calculations.

Expanding Public Water System: A public water system installing additions, extensions, changes or alterations to their source, transmission, storage, or distribution facilities that will enable the system to increase the size of its existing service area and/or its number of approved service connections. Exceptions:

- A system that connects new approved individual retail or direct service connections onto an existing distribution system within an existing service area; or

- A distribution system extension in an existing service area identified in a current and approved water system plan or project report.

Finished Water: Water that is safe for human consumption, either with or without treatment, and is ready for distribution by a system to its customers.

Fire Flow: The maximum rate and duration of water flow needed to suppress a fire under WAC 246-293-640 or local fire protection standards.

Ground Water Under the Direct Influence of Surface Water (GWI): Any water beneath the surface of the ground, which DOH determines has the following characteristics:

- Significant occurrence of insects or other microorganisms, algae, or large-diameter pathogens such as Giardia Lamblia, or
- Significant and relatively rapid shifts in water characteristics such as turbidity, temperature, conductivity, or pH closely correlating to climatological or surface water conditions where natural conditions cannot prevent the introduction of surface water pathogens into the source at the system's point of withdrawal.

Group "A" System: A water system:

- With fifteen or more service connections used by year-round residents for 180 days or more in a calendar year, regardless of the number of people, or
- Serving at least twenty-five or more people year round or more than 180 days within the calendar year, regardless of the number of service connections.

Note: Group "A" Systems are subject to the requirements of the SDWA and Chapter 246-290 WAC.

Group “B” System: A water system:

- Constructed to serve less than 15 residential services regardless of the number of people; or
- Constructed to serve an average non-residential population of less than 25 per day for 60 or more days within a calendar year; or
- Constructed to serve any number of people for less than sixty days within a calendar year.

Note: Group “B” Systems are subject to the requirements of Chapter 246-291 WAC.

Guidelines: A DOH document assisting a purveyor in meeting a state or federal requirement.

Individual Water System: A system that serves one single family residence or not more than four residences on the same farm and is not subject to Chapter 246-290 WAC or Chapter 246-291 WAC.

Jurisdiction: The owner of one or more public water systems.

Maximum Contaminant Level (MCL): The maximum permissible level of a contaminant in water the purveyor delivers to any public water system user.

Noncommunity System: A public water system that is not a community system.

Nontransient Noncommunity System: A Group “A” noncommunity system which serves 25 or more of the same nonresidents per day for 180 or more days per year.

Operating Permit: An annual drinking water operating permit issued by DOH under Chapter 246-294 WAC.

A. Green Operating Permit: Systems are in substantial compliance with all requirements. ODW recommends these systems be viewed as adequate for existing uses and additional connections up to the approved number of connections unless they are already at capacity.

B. Yellow Operating Permit: Systems are substantially in compliance with all requirements except they 1) have been notified to submit a water system plan but have not satisfied the planning requirement; or 2) are under a compliance agreement for a state significant non-complier violation. ODW recommends these systems be viewed as adequate for existing uses and additional connections up to the approved number unless otherwise limited by a compliance agreement.

C. Blue Operating Permit: Systems are substantially in compliance with requirements except the system does not meet design approval requirements or has exceeded the number of approved connections established by the department. ODW recommends these systems be viewed as adequate for existing uses, but not adequate for adding new connections.

D. Red Operating Permit: Systems are in substantial non-compliance with requirements. ODW recommends these systems be viewed as inadequate for existing uses and no additional connections be allowed. This may result in denial of home loans, building permits, on-site sewage disposal permits, food service permits, liquor licenses, and other permits or licenses for properties served by the system.

Owner: Any agency or subdivision of the state, or any municipal corporation, firm, company, mutual or cooperative association, institution, partnership, or person or any other

entity that holds as property, a public water system.

Public Water System: Any system providing water for human consumption through pipes or other constricted conveyances, excluding a system serving only one single-family residence and a system with four or fewer connections all of which serve residences on the same farm.

Purveyor: An agency, subdivision of the state, municipal corporation, firm, company, mutual or cooperative association, institution, partnership, person or other entity owning or operating a public water system. Purveyor also means the authorized agents of such entities.

Regional Benefit: When project improvements affect more than one public water system.

Restructuring: Changing system operation and/or ownership in one or more of the following ways:

- Sharing facilities, equipment, and/or operation and maintenance staff; or
- Mergers; or
- Voluntary transfer of ownership; or
- Satellite management; or
- Receivership (involuntary transfer of operation and/or ownership).

Same Farm: A parcel of land or series of parcels that are connected by covenants and devoted to the production of livestock or agricultural commodities for commercial purposes and does not qualify as a Group “A” public water system.

Satellite Management Agency (SMA): A person or entity that is approved by DOH to own or operate public water systems on a regional or county-wide basis without the

necessity for a physical connection between such systems. SMAs are approved pursuant to Chapter 246-295- RCW.

Significant Noncomplier (SNC): A water system that is violating or has violated DOH rules and the violations may create or have created an imminent or significant risk to human health.

Surface Water: A body of water open to the atmosphere and subject to surface runoff.

System Capacity: A system’s operational, technical, managerial and financial capability to achieve and maintain compliance with all relevant local, state, and federal plans and regulations.

Transient Noncommunity System: A Group “A” noncommunity system which serves:

- 25 or more different nonresidents for 60 or more days within a calendar year; or
- 25 or more of the same nonresidents for between 60 and 180 days per year; or
- One thousand (1,000) or more people for two (2) or more consecutive days within a calendar year.

Water Facilities Inventory Form (WFI): DOH’s form summarizing each public water system’s characteristics.

Water Right: A permit, claim or other authorization on record with or accepted by the Department of Ecology, authorizing the beneficial use of water in accordance with all applicable state laws.

Watershed: The region or area that:

- Ultimately drains into a surface water source diverted for drinking water supply; and

- Affects the physical, chemical, microbiological, and radiological quality of the source.

Wellhead Protection Area (WHPA): The portion of a well's, wellfield's or spring's zone of contribution defined as such using WHPA criteria established by DOH, for which the water system is expected to develop a program to prevent contamination of such a source of supply

